

NSP and Supportive Housing: A Perfect Match



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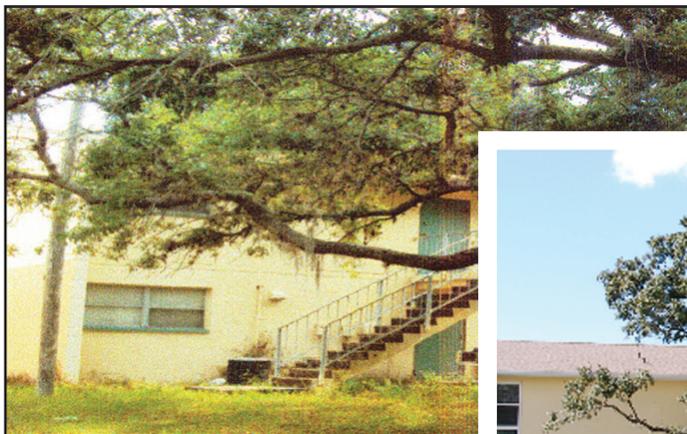
Neighborhood Stabilization Program (NSP) funds can be a perfect fit for supportive housing. Acquisition and rehab are eligible under the program making it possible to complete a project with little or no debt. In the past, the leveraging of housing dollars with borrowed funds left supportive housing projects in jeopardy as rent revenues are limited and the cost of operating small scale rental properties can make debt service not feasible. This article explores the uses and limitations of NSP funds for special needs housing, looks at capital and operating funding sources, and tells the story of one successful project.

The question is often asked: Can NSP funds be used for supportive rental housing? All phases of NSP can be used for the acquisition and rehab of rental housing that will be used for supportive housing so long as it is permanent housing. Only NSP1 funds can be used for group homes, shelters or transitional housing. As nonpermanent housing, these are treated as public facilities under eligible use E, redevelopment. Nonpermanent housing built with NSP1 funds does not count toward the 25% low income set-aside. But NSP 1, 2 and

3 are perfect for permanent supportive housing in the form of single family homes, 1- to 4-unit properties, and multifamily projects for individuals or families who are receiving support services as part of their housing. These uses can count toward the 25% low income set-aside.

NSP funds are an excellent opportunity for grantees to implement Continuum of Care projects as well as unmet needs identified in Consolidated Plans and the 10 Year Homelessness Strategies. NSP is also useful in leveraging other sources of funds such as HOME, Community Development Block Grant (CDBG), Housing Opportunities for Persons with HIV/AIDS (HOPWA), tax credits and State Housing Initiative Partnership (SHIP). Other sources include the Predevelopment Loan Program administered by Florida Housing Finance Corporation and the Florida Community Loan Fund. Commercial banks have a department dedicated to veteran services which could yield financing.

HUD, along with the Veterans Administration (VA), joined forces to end homelessness among veterans by 2015. The HUD Veterans Affairs Supportive Housing (VASH) voucher is now available and its use and availability are growing. A pilot project to assist 700 veterans is underway with Tampa Bay being one of the awardees. The pilot utilizes a Housing



Oakview Apartments before (L) and after (R) rehabilitation photos. The City of Tampa provided NSP 2 funding for project development.

First model based on a foundation of permanent housing to provide a stable platform for services and employment assistance. These vouchers are issued by the VA in conjunction with local housing authorities. The voucher works in tandem with per diem grants that pay for services and supports. Supportive housing providers now have the opportunity to provide NSP funded housing to veterans who hold the voucher, which can be combined with per diem support. The Florida Housing Coalition is convening a symposium June 6, in Tampa, to bring statewide housing providers and veteran agencies and advocates together to combine strategies devoted to ending veteran homelessness in Florida.

Supportive housing providers have learned there are many factors needing serious consideration when planning to own and operate this type of affordable housing. One of the most critical is the need to identify five to 10 years of future operating funds. This can be the most difficult aspect to any supportive housing program due to expected lower rental revenues. Basically, operating support can come from rental revenues if adequate, government programs, or community-based foundations or programs. If rental income can be sufficient to cover operating expenses, good sources are project-based Section 8, HUD 811 and HUD VASH vouchers for veterans. Other direct sources of operating funds are the Supportive Housing Program offered by Continuums of Care, Shelter Plus Care and HOPWA. Other resident-based supports can include Medicaid and Temporary Assistance for Needy Families (TANF).

NSP funds can be used for up-front deposits of operating reserves as a condition of a mortgage lender. The NSP grantee must demonstrate that such a requirement is consistent with industry practices and the dollar amount of the required reserves is consistent with local industry standards. This should be clearly defined in the developer agreement for the project. This will provide some breathing room during the lease up period and allow for other rental subsidies to begin.

Other items for consideration that will help prevent problems and delays are:

- How mobile is the management and maintenance staff to deal with scattered site properties?
- Do you have a solid plan for the types of supports needed for the residents and the commitment for their provision?
- How long will your tenant's rental subsidies last? Are they project based or tenant based?
- Do you expect community opposition to the program? Single family and duplex units are ideal for meshing into a neighborhood and have a non-institutional image.

- Are you able to rehab the units to meet accessibility needs in the most optimal fashion?
- How much energy efficiency treatments can you install to keep utility costs low?
- Does the board of directors share in a common vision for the success of the program?

A good example of the use of NSP for supportive housing is Oakview Apartments, located in Tampa. The City of Tampa provided \$4,452,081 in NSP2 funds to acquire and renovate 55 units. The units are 1, 2 and 3 bedroom with 36 serving tenants below 50% AMI and 19 for households earning at or below 120% AMI. The project is owned and operated by Mental Health Care, Inc. a nonprofit social service organization providing housing and supportive services to low income clients with mental health illnesses. **HNN**

Helpful Links:

NSP Resources

Toolkits - Multifamily and Single Family

<https://hudnshelp.info/index.cfm?do=viewToolkitsHome>

NSP Problem Solving Clinic

Scattered Site Property Management:

<http://bit.ly/GIbaiL>

Sample Scattered Site Rental Housing Management

Document: <http://bit.ly/GDmrnF>

Supportive Housing Resources

Florida Supportive Housing Coalition: www.flshc.net

Coalition for Supportive Housing - This is a national group that advocates for permanent supportive housing and provides loans: www.chs.org

Veteran Links

National Coalition for Homeless Veterans:

<http://www.nchv.org/index.cfm>

Housing Assistance:

<http://www.va.gov/HOMELESS/housing.asp>

Florida Department of Veteran Affairs:

<http://www.floridavets.org/>